

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 EB-08 OMB-01 TRSE-00 /080 W
-----086296 140910Z /12
R 140844Z AUG 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0352

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 14614

E.O. 11652: XGDS-1
TAGS: JA, EAID
SUBJECT: GOJ SUMMIT STATEMENTS ON AID DOUBLING

REF: (A) STATE 185785, (B) STATE 189145

1. SUMMARY: GOJ CONFIRMS INTENTION TO DOUBLE AID BY 1980, IN DOLLAR TERMS, AND TO SUPPLEMENT IT SHOULD THERE BE FURTHER SUBSTANTIAL DOLLAR DEPRECIATION. GOJ WILL NOT, HOWEVER, ALSO COMPENSATE FOR US INFLATION. WHILE HOPEFUL THAT 50 PERCENT OF PROJECTED INCREASE IN ODA IN PERIOD 1977-1980 CAN BE ACHIEVED IN 1978, THEY ARE NOT WILLING TO PORTRAY THIS AS A COMMITMENT BY THE PRIME MINISTER. GOJ HOPES US WILL UNDERSTAND THAT GOJ CANNOT NEGOTIATE A SPECIFIC FIGURE FOR FUTURE AID LEVELS, SINCE IN JAPAN, AS IN THE US, THESE EXPENDITURES INVOLVE SENSITIVE PARLIAMENTARY CONSIDERATIONS. END SUMMARY.

2. MOFA ECONOMIC COOPERATION BUREAU OFFICIALS HAVE PROVIDED EMBASSY WITH FOLLOWING OFFICIAL RESPONSE TO US INTERPRETATION OF PRIME MINISTER'S REMARKS ON AID DOUBLING AT THE BONN SUMMIT. WE WERE TOLD THIS RESPONSE WAS CLEARED BY THE PRIME MINISTER'S OFFICE, AND BY IMPLICATION WITH THE PRIME
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MINISTER HIMSELF, AS WELL AS BY FOREIGN MINISTER. NO WRITTEN TEXT WAS PROVIDED.

3. BEGIN OFFICIAL RESPONSE. IN HIS LETTER TO PRIME MINISTER FUKUDA DATED JULY 21, 1978, PRESIDENT CARTER STATED THAT THE US EMBASSY IN TOKYO WOULD BE INSTRUCTED TO DISCUSS WITH JAPANESE GOVT OFFICIALS GOJ PLAN TO DOUBLE ODA IN THREE

YEARS, AND SUBSEQUENTLY US EMBASSY DID APPROACH US. THE FOLLOWING IS TO EXPLAIN OUR INTENTIONS IN THIS MATTER. (A) DURING MEETING HELD DURING AFTERNOON OF JULY 16 IN BONN, PRESIDENT CARTER INQUIRED ABOUT BASE YEAR AND CHOICE OF CURRENCY IN CONNECTION WITH JAPAN'S PLAN TO DOUBLE ITS ODA IN THREE YEARS. PRIME MINISTER FUKUDA REPLIED "THE TARGET FOR DOUBLING ODA IS SET WITH 1977 AS THE BASE YEAR AND IN DOLLAR TERMS, AS AID PERFORMANCE IS INTERNATIONALLY COMPARED IN DOLLAR TERMS. HOWEVER, IF THE DOLLAR IS FURTHER DEPRECIATED AND THIS LEADS TO A SUBSTANTIAL DIFFERENCE, I AM PREPARED TO SUPPLEMENT IT BY PROVIDING ADDITIONAL EXPENDITURES. (B) THE EXPRESSION "CONSTANT DOLLARS" USED IN THE PRESIDENT'S LETTER WAS NEVER MENTIONED BY THE PRIME MINISTER DURING THE ABOVE MENTIONED MEETING. IT SHOULD BE UNDERSTOOD THAT THE PRIME MINISTER'S STATEMENT QUOTED IN THE PARA ABOVE FULLY ELABORATES THE PRIME MINISTER'S INTENTION IN THIS MATTER. (C) WITH REFERENCE TO THE THIRD POINT MENTIONED IN THE LETTER, EFFORTS ARE BEING MADE TO INCREASE MARKEDLY JAPAN'S ODA DISBURSEMENTS IN 1978. HOWEVER AS THE PRIME MINISTER POINTED OUT AT THE MEETING WITH PRESIDENT CARTER, IT IS DIFFICULT TO COME UP WITH A SPECIFIC FIGURE SUCH AS 50 PCT. END OFFICIAL RESPONSE.

4. MOFA OFFICIALS NOTED NO FURTHER RESPONSE TO THE PRESIDENT'S LETTER WAS PLANNED, SINCE PRIME MINISTER FUKUDA HAD ALREADY WRITTEN TO THE PRESIDENT FOLLOWING THE BONN SUMMIT, CONFIDENTIAL

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AND THE PRESIDENT'S LETTER SEEMED TO ASSUME OFFICIAL LEVEL FOLLOW-UP.

5. ON COMPLETION PRESENTATION OF OFFICIAL VIEWS, MOFA OFFICIALS ADDED FOLLOWING COMMENTS WHICH THEY LABELED AS PRIVATE BUT OBVIOUSLY EXPECTED US TO REPORT.

6. MOFA OFFICIALS SAID THEY WERE HOPEFUL SOMETHING LIKE A 50 PCT INCREASE IN ODA COULD BE ACHIEVED IN 1978 AND THAT THE JAPANESE GOVT WILL MAKE EVERY EFFORT TO REACH THIS FIGURE. FIRST-HALF DISBURSEMENTS APPEAR TO OFFER CONSIDERABLE PROMISE THAT AN INCREASE OF APPROXIMATELY THIS SIZE CAN BE ACHIEVED. THERE ARE UNCERTAINTIES, HOWEVER, AND THEY OBSERVED THAT THERE IS A BIG DIFFERENCE BETWEEN THE PRIME MINISTER'S MAKING A COMMITMENT IN THIS RESPECT AND BUREAUCRATS' EXPRESSING THEIR EXPECTATIONS.

7. THEY WENT ON TO SAY THAT THE JAPANESE GOVT IS MAKING EVERY EFFORT TO EXPAND ITS ODA AND TO IMPLEMENT A POSITIVE POLICY TOWARD DEVELOPING NATIONS. NOTING THAT THEY HAVE IN THE PAST REGULARLY DISCUSSED DEVELOPMENT ASSISTANCE MATTERS WITH THE EMBASSY, THEY SAID THEY WOULD CONTINUE TO DO SO.

HOWEVER, THEY DID NOT CONSIDER THEY COULD PROPERLY NEGOTI-
ATE WITH US BILATERALLY JAPAN'S DEVELOPMENT ASSISTANCE
PLANS ALONG THE LINES (IN THE DETAIL) SET FORTH STATE
185785. THEY NOTED THAT DEVELOPMENT ASSISTANCE FUNDING
INVOLVES SENSITIVE PARLIAMENTARY CONSIDERATIONS, AS IT DOES
IN THE US. AS BASIS FOR THEIR OPTIMISM THAT JAPANESE AID
WILL INCREASE SUBSTANTIALLY, THEY NOTED THAT THIS YEAR
FOR THE FIRST TIME, FOREIGN AID EXPENDITURES WOULD BE
EXEMPTED FROM THE PERCENTAGE LIMITATION WHICH IS
IMPOSED EACH YEAR ON JAPANESE GOVT MINISTRIES' REQUESTS
FOR ANNUAL BUDGET INCREASES.

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AID-05 EB-08 OMB-01 TRSE-00 /080 W
-----086287 140911Z /12
R 140844Z AUG 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0353

C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 14614

MANSFIELD

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Message Attributes

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